

STATE OF INDIANA) IN THE MARION CIRCUIT/SUPERIOR COURT
COUNTY OF MARION) SS: CAUSE NO. 040120603PL012805

The Indiana Attorney General's Office and the Indiana
Department of Financial Institutions on behalf of the
State of Indiana,

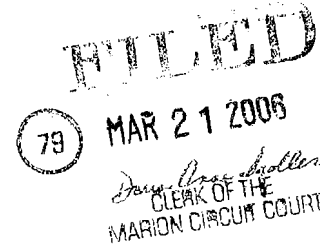
Plaintiffs,

v.

Ameriquist Mortgage Company,
Town & Country Credit Corporation,
AMC Mortgage Services, Inc. f/k/a Bedford Home
Loans
ACC Capital Holdings Corporation

Defendants.

COMPLAINT FOR INJUNCTION,
RESTITUTION AND OTHER
EQUITABLE RELIEF



Plaintiffs, The Indiana Attorney General's Office and the Indiana Department of Financial Institutions on behalf of the People of the State of Indiana, brings this action pursuant to the Deceptive Consumer Sales Act, codified under IC 24-5-0.5 *et seq.* and the Uniform Consumer Credit Code codified under IC 24-4.5 *et seq.* Plaintiffs seeks, among other things: a permanent injunction, and an order compelling Defendants to pay restitution to borrowers and attorneys' fees and costs.

JURISDICTION AND PARTIES

1. The Attorney General's authority to bring this action is derived from the Deceptive Consumer Sales Act (IC 24-5-0.5 *et seq.*) and the Indiana Department of Financial Institutions who administers the Uniform Consumer Credit Code (IC 24-4.5 *et seq.*) and Truth In Lending compliance.

2. Defendant, Ameriquist Mortgage Company (hereafter "AMQ") is a Delaware corporation, and a licensed lender pursuant to IC 24-4.5 with its principal place of business

located at 1100 Town & Country Road, Suite 450, Orange, California which at all times mentioned herein, has transacted business within the State of Indiana and engaged in the retail based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Indiana.

3. Defendant Town & Country Credit Corporation (hereafter "TCCC") is a Delaware corporation, and a licensed lender pursuant to IC 24-4.5 with its principal place of business located at 2010 Main Street, Suite 800, Irvine, California which at all times mentioned herein, has transacted business within the State of Indiana and engaged in the retail based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Indiana.

4. Defendant AMC Mortgage Services, Inc. f/k/a/Bedford Home Loans (hereafter "AMC") is a Delaware corporation, and a licensed lender pursuant to IC 24-4.5 with its principal place of business located at 505 City Parkway West, Suite 100, Orange, California which at all times mentioned herein, has transacted business within the State of Indiana and engaged in the retail based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Indiana.

5. ACC Capital Holdings Corporation (hereinafter referred to as "ACCCH"), is a Delaware Corporation, with its principal place of business located at 1100 Town and Country Road, Orange, California and whose subsidiaries AMQ, TCCC and AMC at all times mentioned herein engaged in the retail based origination and funding of real estate secured, owner occupied residential mortgage loans.

6. Whenever reference is made in this complaint to any act or practice of Defendants AMQ, TCCC, and AMC (collectively referred to as "the Ameriquest Parties"), such allegation shall be deemed to mean that the principals, officers, directors, employees, agents and representatives of said Defendant did, or authorized, such act or practice on behalf of said Defendant, while actively engaged in the scope of their duties.

7. The Ameriquest Parties advertise, offer, solicit sales of, and sell real estate secured loans and related goods and services to borrowers in Indiana and nationwide.

GENERAL ALLEGATIONS

8. In the ordinary course of business, the Ameriquest Parties have originated and funded real estate secured loans with borrowers in the State of Indiana. These real estate secured loans were made from or at the Ameriquest Parties' retail lending branches during the period January 1, 1999 through December 31, 2005 (the "Covered Transactions").

9. State attorneys general and state financial regulators in this state and other states have received and investigated complaints and conducted examinations concerning the Covered Transactions. Those complaints and investigations related to the Ameriquest Parties' conduct including, but not limited to, the following practices (collectively, "the Lending Practices"):

A. Discount Points: Plaintiffs alleges that the Ameriquest Parties failed to provide timely and adequate information to borrowers concerning the amount and purpose of "discount" points and fees imposed on their loans. Further, prior to the implementation of the new computerized pricing model in February 2003, the rate reduction, if any, varied among borrowers who paid the same amount of discount points.

B. Misrepresentation of Loan Costs and Terms:

Plaintiffs alleges that the Ameriquest Parties made deceptive or misleading representations or omissions regarding loan terms and charges including but not limited to, the interest rate of the loan, misrepresenting the presence or the mechanics of the adjustable rate feature of the loan, failing to disclose the interest rate or the material costs of the proposed loan when known to the Ameriquest Parties; failing to properly disclose to potential borrowers whether the proposed loan payment included escrowed taxes and insurance payments; misrepresenting the credit status of potential borrowers; and falsely promising borrowers the ability to refinance at a later date as a inducement to enter into the loan.

C. Prepayment Penalties: Plaintiffs alleges that Ameriquist Parties engaged in a practice of misleading borrowers about the presence, the significance or meaning of a prepayment penalty and or the duration of a prepayment penalty on their loans. The Ameriquist Parties also made false representations that the prepayment penalties could be waived.

D. Repeat Refinancing: Plaintiffs alleges that the Ameriquist Parties, in violation of their own published Best Practices, engaged in the practice of soliciting existing Ameriquist borrowers within the first 24 months of their loans to refinance.

E. Inflated Appraisals: Plaintiffs alleges that the Ameriquist Parties engaged in deceptive or misleading acts and practices which resulted in the Ameriquist Parties obtaining inflated appraisals that were substantially in excess of the market value of homes of prospective borrowers. An example of such acts is pressuring appraisers to obtain a certain home value or not receive any future Ameriquist appraisal assignments.

F. Inflated Income: Plaintiffs alleges that the Ameriquist Parties engaged in acts and practices which resulted in fabricated and or inflated income information for prospective borrowers, and or non-existent or inflated amounts of assets for prospective borrowers on loan applications. Those borrowers would have failed to qualify for said loans without the fabricated or inflated income and or assets.

G. Disparaging Federal Disclosures: Plaintiffs alleges that Ameriquist Parties engaged in acts and practices that encouraged borrowers to ignore the Truth In Lending Act (TILA) and Real Estate and Settlement Procedures Act (RESPA) disclosures (including the Good Faith Estimate), misrepresented that these disclosures are not representative of the actual loan terms the borrowers will receive, or otherwise disparaged the accuracy and relevance of the required federal disclosures.

H. Loan Funding: Plaintiffs alleges that Ameriquest Parties failed to timely fund borrowers' loans at the close of the applicable rescission periods. This practice resulted in costs to consumers, including but not limited to additional interest costs.

COUNT I

Deceptive Consumer Sales Act IC 24-5-0.5

10. Plaintiffs realleges and incorporates by reference the allegations of Paragraphs 1 to 9 of this Complaint.

11. The Ameriquest Parties engage in trade or commerce within the meaning of the Deceptive Consumer Sales Act by making mortgage loans to borrowers. The Ameriquest Parties advertise, offer, solicit sales of, and sell real estate secured loans and related goods and services to Indiana borrowers.

12. The Ameriquest Parties engaged in the business of making loans to Indiana borrowers that were secured by those borrowers' homes. The Ameriquest Parties used misleading and deceptive promotions, marketing and sales techniques to induce primarily low and moderate-income homeowners to refinance their mortgages and consolidate their debts using the Ameriquest Parties' real-estate secured loan products.

13. In the course of their dealings with borrowers and in furtherance of their own direct pecuniary and business gains, the Ameriquest Parties committed deceptive acts, or made material misrepresentations or omissions in violation of the Deceptive Consumer Sales Act.

COUNT II

Uniform Consumer Credit Code IC 24-4.5

14. Plaintiffs realleges and incorporates by reference the allegations of Paragraphs 10

through 13 of this Complaint.

15. The Ameriquest Parties engage in consumer lending to Indiana borrowers in violation of the Uniform Consumer Credit Code and the Truth and Lending Act (“TILA”) by making first and second mortgage loans. The Ameriquest Parties advertise, offer, solicit sales of, and sell real estate secured loans and related goods and services to Indiana borrowers.

16. The Ameriquest Parties engaged in the business of making loans to Indiana borrowers that were secured by those borrowers’ homes. The Ameriquest Parties used misleading and deceptive promotions, marketing and sales techniques to induce primarily low and moderate-income homeowners to refinance their mortgages and consolidate their debts using the Ameriquest Parties’ real-estate secured loan products.

17. In the course of their dealings with borrowers and in furtherance of their own direct pecuniary and business gains, the Ameriquest Parties committed acts, or made material misrepresentations or omissions in violation of the IC 24-4.5 and TILA.

WHEREFORE, Plaintiffs prays for judgment as follows:

A. Pursuant to IC 24-5-0.5-4 and IC 24-4.5, Defendants’, their direct and indirect subsidiaries, affiliates, officers, directors, employees, agents, related entities, successors, and assigns, and any and all other persons who act under, by, through, or on behalf of Defendants be permanently restrained and enjoined from the following:

(1) Making or disseminating any misleading and deceptive representations in violation of IC 24-5-0.5-3, IC 24-4.5 and TILA, relating to the marketing or sale of loans to borrowers.

(2) Doing any of the wrongful acts referenced in this Complaint or any other act in violation of IC 24-5-0.5-3, IC 24-4.5 and TILA, relating to the business of making retail residential mortgage loans to borrowers.

B. That Defendants make restitution to borrowers.

C. That Plaintiffs be awarded its attorneys' fees and costs, or other appropriate recompense available under IC 24-5-0.5-4.

D. That the Plaintiffs be awarded such other and further relief as the Court deems just and proper and equitable under the circumstances.

March 21, 2006

Date

Respectfully Submitted,

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